

Public and Private Debt

These tables update the statistics on debt that have appeared in previous May issues of the Survey. Revisions have been made only in data for 1967-69. Data back to 1965 are in the May 1970 Survey and data for earlier years in the May 1969 Survey. A table showing nonfarm mortgage debt by borrowing and lending groups, by type of property (table 7 in the May 1969 Survey) is available from OBE on request.

The total increase in public and private debt was \$117 billion in 1970, \$21 billion less than the 1969 increase. Public debt rose about \$32 billion in 1970, more than twice as much as the \$15 billion increase in 1969, but private debt rose much less last year (\$85½ billion) than in 1969 (\$123 billion).

The net indebtedness of the Federal Government to the public rose \$12 billion last year to a year-end total of \$301 billion, following a \$2½ billion decline in 1969. The turnaround resulted from the shift in the Federal budgetary position from a surplus in 1969 to a deficit in 1970. State and local government debt grew \$12 billion last year,

substantially more than the \$8½ billion rise in 1969. To some extent, this acceleration reflected the completion in 1970 of borrowing which had been postponed during the tight financial conditions of 1969.

The debt of federally sponsored credit agencies rose \$8 billion last year, somewhat less than the \$9 billion rise in 1969. This slowdown reflected principally the reduced need of savings and loan associations to resort to Federal Home Loan Bank financing, as savings deposits rose sharply after recording little growth in 1969. The bulk of last year's rise in the debt of the credit agencies stemmed from the mortgage financing operations of the Federal National Mortgage Association.

Corporations accounted for the bulk of the slowdown in private sector debt expansion, but individuals, including the owners of unincorporated enterprises, also slackened their borrowing.

Total corporate debt, including the debts of nonfinancial corporations and the non-deposit liabilities of financial intermediaries, rose \$53½ billion last year compared with a

rise of \$87½ billion in 1969. The slowdown reflected both reduced borrowing by non-financial corporations and reduced reliance by banks on nondeposit sources of funds. There was a marked shift to long-term financing, particularly bonds; long-term corporate debt rose \$33½ billion in 1970 compared with a rise of \$27 billion in 1969, while corporations' short-term notes and accounts payable rose only \$5 billion last year after having increased \$25½ billion in 1969.

Almost all types of individual and non-corporate indebtedness rose at a slower pace last year than in 1969. The exception was financial debt, which includes stock market credit; it rose in 1970 after having declined in 1969. The slowing was most marked in consumer credit; it rose only \$4½ billion in 1970, less than half as much as the \$9½ billion increase in 1969. Home mortgage debt also rose at a markedly slower pace in 1970 (\$12½ billion) than in 1969 (\$16 billion) as did the business-related debts of farm and nonfarm entrepreneurs.

Net and Gross Public and Private Debt, End of Calendar Year, 1966-70

(Billion dollars)

End of year	Public					Private												
	Total	Total	Federal ¹	Federal financial agencies ²	State and local	Total	Corporate				Individual and noncorporate							
							Total	Long term ³	Short term ⁴		Total	Farm ⁴		Nonfarm mortgages		Other nonfarm		
									Notes and accounts payable	Other		Production	Mortgage	1- to 4-family	Multi-family residential and commercial	Commercial	Financial ⁵	Consumer
1966	1,241.4	387.0	271.8	11.2	104.8	852.5	500.0	231.3	188.5	112.8	446.0	18.1	23.3	219.6	32.0	30.9	24.5	97.5
1967	1,462.7	408.4	290.5	0.0	112.0	1,064.2	653.7	255.0	190.0	131.5	489.5	22.8	25.5	232.0	34.9	34.2	28.1	102.1
1968	1,584.5	430.1	301.9	21.4	122.8	1,145.4	698.1	281.0	100.0	157.1	529.3	24.3	27.5	246.6	38.4	37.4	33.0	113.2
1969	1,723.7	451.1	320.3	30.5	121.4	1,271.6	715.5	308.1	215.0	101.9	558.0	25.0	29.5	262.4	42.4	41.1	32.2	122.5
1970	1,830.7	483.8	301.1	38.3	142.3	1,364.8	774.1	341.7	220.4	212.9	582.5	27.5	31.2	275.0	45.3	41.3	34.7	126.8
Net Public and Private Debt																		
1966	1,241.4	387.0	271.8	11.2	104.8	852.5	500.0	231.3	188.5	112.8	446.0	18.1	23.3	219.6	32.0	30.9	24.5	97.5
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Gross Public and Private Debt																		
1966	1,517.0	404.0	243.3	11.2	105.4	1,053.0	646.1	270.0	186.5	140.0	444.0	19.1	23.3	310.8	32.0	30.9	24.5	97.5
1967	1,635.8	491.3	364.9	0.0	117.4	1,144.5	663.9	300.1	199.9	164.0	480.0	22.5	25.5	322.0	34.9	34.2	28.1	102.1
1968	1,785.2	521.0	472.1	21.4	127.4	1,272.4	753.2	340.1	227.9	185.1	520.5	24.3	27.5	246.5	38.4	37.4	33.0	113.2
1969	1,962.9	548.5	382.0	30.5	136.5	1,414.4	828.4	372.0	258.6	228.8	566.0	25.0	29.5	262.4	42.4	41.1	32.2	122.5
1970	2,100.2	588.1	401.6	38.3	148.1	1,512.0	829.2	413.7	204.4	261.0	582.8	27.5	31.2	275.0	45.3	41.3	34.7	126.8

1. Net Federal Government and agency debt is the outstanding debt held by the public, as defined in the Budget of the United States Government, Fiscal Year 1968. Gross Federal Government debt consists of the public debt as defined in the Second Liberty Bond Act of 1917, as amended, plus the obligations to the public of Federal agencies in which the Federal Government has a proprietary interest each year.

2. This comprises the debt of federally sponsored agencies, in which there is no longer any Federal proprietary interest. The obligations of the Federal Land Banks and the debt of the Federal Home Loan Banks are included in all years shown in this table, and the debts of the Federal National Mortgage Association, Federal Intermediate Credit Banks and Banks for Cooperatives are included beginning with 1968.

3. Long-term debt is debt having a maturity of 1 year or more; short-term debt is that which will mature within a year.

4. Farm mortgages and farm production loans. Farmers' financial and consumer debt is included in the nonfarm categories.

5. Financial debt is owed to banks for purchasing or carrying securities, customers' debt to brokers, and debt owed to life insurance companies by policyholders.

Sources: U.S. Department of Commerce, Office of Business Economics; U.S. Treasury Department; U.S. Department of Agriculture; Board of Governors of the Federal Reserve System; Federal Home Loan Bank Board; Federal Land Banks; and Federal National Mortgage Association.